

2005-2007 IT PLAN Summary - Agency Budget Request

00380 JOB SERVICE NORTH DAKOTA

2005B0100380

AGENCY IT PLAN CONTACT DATA

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AGENCY IT OVERVIEW

The vision of JSND's IT is

"Be the leader in exploiting emerging technologies to facilitate the effective delivery of JSND services."

The mission of JSND's IT is

"The IT section enables JSND to deliver customer focused services through the innovative use of information technology."

AGENCY TECHNOLOGY GOALS AND OBJECTIVES

MISSION, VISION, STRATEGIC VIEW, CRITICAL SUCCESS FACTORS

A. MISSION

Job Service North Dakota exists to provide value to its customers. Job Service's mission statement is:

Job Service North Dakota provides customer-focused services to meet the current and emerging workforce needs of the state.

B. VISION

Job Service North Dakota is the provider of choice for workforce services.

C. STRATEGIC VIEW

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Factors have been identified that are critical to Job Service success in providing customer-focused services that meet the current and emerging workforce needs of the state, and in being the provider of choice for workforce services. As the daily challenges of doing business change, the Job Service annual business planning process anticipates and prepares for the changes. The Job Service planning process involves a scan of the workforce services environment, identification of cutting edge workforce services, assessment of federal and state legislative initiatives, and an identification of changing customer needs. Job Service planning involves a long-term, strategic view, and results in operational steps that can be achieved in the plan year.

Input for the plan is provided in several key areas that look specifically at: staff training and conferences, information technology, marketing and communications, and facilities. The annual budget development process anticipates resources and identifies agency needs through the business planning process. The needs-versus-resources reconciliation is driven by the critical success factors. In this way, the focus stays on the long term of what Job Service needs to do to meet customer needs, and not the short term of an immediate budget.

Each Critical Success Factor (CSF) is achieved through the completion of the action steps called Tactics. The CSFs directly relating to Information Technology are listed below.

1. CSF - Information Technology Tools

Job Service will have appropriate Information Technology tools to support quality, customer-driven services on-line. JSND provides appropriate IT tools to support quality customer-driven services through ongoing information technology planning. The tools improve the way services are provided and supported through ongoing training. An Information Technology Plan is developed annually that identifies three areas of primary emphasis: customer service enhancements, productivity enhancements and Federal/State mandates. The plan becomes part of the state's Information Technology plan.

Tactic 1 Customer Service Enhancements

Customer service enhancements will benefit employers, job seekers and unemployment insurance (UI) claimants. Customer service enhancements will be identified from the following teams:

- A. Web Management Team for the Internet and Intranet.
- B. Data Quality and Change Control Team for the Enhanced On-line Workforce Services and staff-assisted NDWORKS.
- C. The Unemployment Insurance Internet Application Team for Internet UI applications.

Tactic 2 Productivity Enhancements

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Productivity enhancements will enable staff to do their jobs more effectively and efficiently and improve product delivery to customers.

Tactic 3 Federal and State Mandates

Federal and State mandates are required by federal and state legislation or regulation to meet performance and operational standards.

2. CSF - New Products and Services Research and Development

Job Service is a planning organization that is responsive to changing customer needs and changing methods of providing services. An adequate response to these changes may require new services, programs and service delivery methodologies. Job Service is proactive in developing ways to meet these needs.

Tactic 1 UI System Modernization

The Unemployment Insurance mainframe-based automated system is outdated, utilizes an obsolescent programming language, and has become so costly to maintain or enhance that it has become a liability to continued good customer service. North Dakota's Unemployment Insurance staff continue to exceed federal UI program performance standards, but, without sound automated help, may not be able to continue to do so.

Job Service began the planning process for system replacement in 2001. Consultant's estimates of the cost of the replacement system, prepared in late 2002, indicated that the system would be too expensive to build from scratch. Several States are now in the process of replacing their UI tax and benefit systems. North Dakota's strategy for replacement of the automated system is to acquire and modify software application(s) developed for other States thus, hopefully, dramatically reducing the overall system replacement costs.

Job Service North Dakota will seek an appropriation from the 2005 Legislative Assembly for use during the 2005-2007 biennium. The money will be used to prepare a reliable estimate of the cost of replacing the present UI Tax and Benefit system running on a Unisys mainframe. Job Service may issue a Request for Information or use some other process to garner a reliable estimate which

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can be presented to the 2007 Legislative Assembly as support for an appropriation to replace.

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The decrease in our infrastructure cost from last biennium to this biennium are related to (1) reduction in force (2) spending in yearly desktop replacement (3) reduction in 1-800 charges with implementation of claim center (4) completed amortization of one time costs for the implementation of NDWORKS (5) not implementing Microsoft Product Upgrades.

Number of Desktop Computers	450	Windows 98	0
Number of Desktop Computers planned to be replaced	226	Wndows NT	0
Aveage cost of Desktop Computer Replacements	780	Windows 2000	55
Number of Laptop Computers	100	Windows XP	45
Number of Laptop Computers Planned to be replaced	50	Other	0
Aveage cost of Laptop Computer Replacements	1860		

Number of PC's by Region

1	2	3	4	5	6	7	8	
11	40	37	67	86	25	262	22	

Agency Technology Activities

The total number of Desktop does not include 150 thin clients utilized throughout the JSND location in the state.

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		Current Appropriation	Budget Request	Optional Adjustments	Request Plus Optionals	Subsequent Biennium
10	SALARIES AND WAGES					
	SALARIES, WAGES & BENEFITS	\$3,219,394	\$2,995,324	\$0	\$2,995,324	\$0
	Total	\$3,219,394	\$2,995,324	\$0	\$2,995,324	\$0
30	OPERATING EXPENSES					
IT3002	IT-DATA PROCESSING	\$2,496,179	\$2,291,344	\$0	\$2,291,344	\$0
IT3003	IT TELEPHONE	\$1,292,899	\$1,204,652	\$0	\$1,204,652	\$0
IT3005	IT SOFTWARE/SUPPLIES	\$622,671	\$471,574	\$0	\$471,574	\$0
IT3008	IT CONTRACTUAL SVCS & REPAIRS	\$2,295,508	\$2,458,462	\$0	\$2,458,462	\$0
IT3038	IT EQUIPMENT UNDER \$5000	\$795,625	\$342,157	\$0	\$342,157	\$0
	Total	\$7,502,882	\$6,768,189	\$0	\$6,768,189	\$0

Funding Source						
	ALIEN LABOR CERTIFICATION		\$7,788	\$0	\$7,788	\$0
	BUREAU OF LABOR STATISTICS		\$73,086	\$0	\$73,086	\$0
	ESCRG-WOTC		\$6,889	\$0	\$6,889	\$0
	FOOD STAMP BEST		\$7,488	\$0	\$7,488	\$0
	GRAFTON SCHOOL TO WORK		\$0	\$0	\$0	\$0
	IT FEDERAL FUNDS		\$1,494,821	\$0	\$1,494,821	\$0
	JOB SERVICE NORTH DAKOTA FUND		\$33,248	\$0	\$33,248	\$0
	JOBS		\$232,737	\$0	\$232,737	\$0
	JOBS SPECIAL PROJECT - FARGO		\$13,179	\$0	\$13,179	\$0
	NDCRN		\$13,179	\$0	\$13,179	\$0
	OASIS TRUST FUND		\$300	\$0	\$300	\$0
	SCSEP		\$13,479	\$0	\$13,479	\$0
	TAA		\$4,793	\$0	\$4,793	\$0
	UI ADMINISTRATION		\$5,100,019	\$0	\$5,100,019	\$0
	VETERAN'S OUTREACH		\$59,607	\$0	\$59,607	\$0
	WAGNER-PEYSER		\$2,043,705	\$0	\$2,043,705	\$0
	WIA INCENTIVE GRANT		\$20,294	\$0	\$20,294	\$0
	WORKFORCE INFORMATION		\$30,252	\$0	\$30,252	\$0
	WORKFORCE INVESTMENT ACT (WIA)		\$581,092	\$0	\$581,092	\$0
	WP REEMPLOYMENT		\$27,557	\$0	\$27,557	\$0

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Current Appropriation	Budget Request	Optional Adjustments	Request Plus Optionals	Subsequent Biennium
	\$9,763,513	\$0	\$9,763,513	\$0

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Project: UI Modernization-Reed Act

Priority - 1

Application Replacement

Age of Current Application - 20

Project Description

This project is the procurement planning phase for a total Unemployment Insurance replacement system.

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Project: UI Modernization-Reed Act

Background: In 2001, JSND recognized that the automated system, upon which the Unemployment Insurance system is dependent for the collection of taxes and the payment of benefits, was not a viable long-term system, as its base technology, hardware and operating system, will be unsupported before the end of the decade. In 2002, JSND performed the very crucial first phase of a project, the feasibility study. JSND sought an independent analysis of the viability of the current system, as well as an estimate of the cost of replacement calculated using high-level requirements analysis. The Information Technology Support Center (ITSC), a U.S. Department of Labor contract agency established to assist the States in improving their Unemployment Insurance (UI) programs carried out this first phase, the feasibility study.

The ITSC analysis determined a total replacement was more feasible than modifying the legacy system. The cost estimate for replacement of the new system was from \$18.4 million to \$27.6 million. The return of investment was 13 years. No appropriation was sought during the 2003 Legislative Session as JSND believed that a firmer cost estimate, based on responses to a specific Request for Proposals was necessary. The need for replacement, however, continues to escalate.

JSND will now enter the next major step in a project, the procurement planning phase. JSND plans to seek a more refined cost estimate, based on responses to an actual RFP, during the 2005-2006 legislative interim. JSND then would use that refined cost estimate as the basis for seeking a system replacement appropriation during the 2007 Legislative Session. Since 2002, several states have commenced UI system replacement projects that are scheduled to be completed between July 1, 2004 and September 30, 2006. In addition, the ITSC has developed basic server-based UI Tax and Benefit software, and that source code is available to States at no charge. These developments may have the potential to reduce the development cost of a replacement system, so they need to be taken into account in the proposed procurement planning phase.

Thus, JSND will seek an appropriation from the 2005 Legislative Assembly for use during the 2005-2007 biennium. The money will be used to develop more refined systems requirements which can be used in a formal Request for Proposal to be issued on a timetable which would allow use of the best overall proposal as the basis for seeking a legislative appropriation during the 2007 Legislative Session. Thus allowing JSND to replace the current system as soon as possible following the 2007 Session. The appropriation would be from Reed Act distribution moneys available in the UI Trust Fund. Reed Act funds can only be spent for Unemployment Insurance benefits; or, with a specific legislative appropriation therefore, for UI or labor exchange administrative purposes.

The problem and business need driving the current interim project is to have a reliable, and affordable cost estimate to present to the 2005 Legislative Assembly. In addition, the more detailed system requirements to be defined as part of this project will reduce the cost of the main project as they will reduce the main projects analysis time.

The desired deliverables from the procurement planning phase are:

1. Provision of project management for the procurement planning phase during the 2005-2006 project period.

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2. A well-defined requirements document.
3. A detailed RFP for the implementation phase.
4. An objective methodology for evaluating responses to the RFP (Deliverable 3)
5. A revised cost benefit analysis and revised project schedule based on results of the RFP.
6. An analysis of options for developing the replacement UI Tax and Benefit system.
7. A report on creative implementation and financing options which may be available to JSND to phase the implementation and to finance those phases; as well as the whole project.
8. Management presentations to JSND senior management; stakeholders; and appropriate legislative committees.

Description of Business Need or Problem Driving the Project

The principal driver for the project is the fact that JSND's mainframe system will be unsupported by the vendor by the end of the decade.

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An unsupported system creates a substantial and very likely risk that the system will become inoperable at some point. That event would likely prevent timely processing of UI taxes paid; and timely payment of UI benefits, until such time as repairs could be made, assuming that was possible. In addition to that concern, the ITSC analysis referred to in No. 1 above, reached the following summary conclusions:

“The costs and inefficiencies of the current system threaten JSND’s ability to provide services as workloads change or increase. Staff are overwhelmed with the work necessary to change and maintain the current system, resulting in significant after-hours work; increasing staff size is not budgetarily feasible. The JSND Legacy system suffers from:

- Lack of an efficient user interface (changes and additions are exceedingly expensive to make).
- Stove-piped applications based largely on a fixed file structure (needs a relational data base).
- Inability to process information into a database on a transaction basis (information gathered requires overnight batch processing before it is available to staff and customers).
- Inability to interface effectively with other UI applications, including web-based applications.
- Increasing cost of software maintenance: difficult to change or upgrade (staff and outside vendors with expertise in the system’s programming language are few and will, because the language is archaic, become even fewer). JSND has estimated, and ITSC concurs, that a level of maintenance of the existing system that would bring the system up to current demands, and keep the system current thereafter, would cost about \$1 million more per year than is currently budgeted.

Lower levels of productivity for JSND staff: affects employers and claimants, and is expensive. Administrative dollars are going into working the system that should be going into direct employer and claimant services.” [Source: “JSND Benefit and Tax System Business Case Analysis - Summary” Prepared by ITSC, February 28, 2003]

Description of how Project is Consistent with the Organization's Mission

One of the principal functions of Job Service North Dakota is to operate an efficient and effective Unemployment Insurance program serving both employers and claimants. This project, and the expected development and implementation of a replacement system, will promote better, speedier, and more effective service to those customers.

Description of the Anticipated Benefits

The anticipated benefit of the interim project is to have a valid cost estimate on which to base a 2007 appropriation request. The anticipated benefit of the main system replacement project itself will be a reliable automated system, which will allow JSND staff to continue to perform excellently on behalf of customers and against Federal UI performance standards. Customers (employers and claimants) will receive more efficient and reliable service.

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Description of the Impact of NOT Implementing the Project

There is a tremendous impact to JSND for not moving forward with this project because it is the vital step in acquiring any new system of this magnitude. This project ensures that proper procurement practices are followed. Defining our requirements is a major deliverable and will provide JSND realistic cost estimates for the replacement. Also by thoroughly examining requirements in this phase, JSND minimizes the scope changes in the subsequent phases of the project which reduces overall risks.

Identify any Risks Associated with the Project

The major risk of this interim project is that JSND cannot get a reliable estimate of the cost to replace the current system. JSND will mitigate that risk by careful selection of any vendor, by full analysis of the system requirements, by careful preparation of the RFP, and by full and comprehensive evaluation of the responses to the RFP.

JSND would have to use a "seat of the pants" estimate, thus jeopardizing the capability to successfully argue in support of this needed appropriation. The ultimate impact of not replacing the current system will be that the current system, and the mainframe hardware on which it operates, will no longer be supported by the vendor, and thus will, in time, become inoperable. At that point, the present functions, which are handled by automation, would have to be done manually, thus greatly reducing the service level to UI customers, and making it necessary to substantially increase the staffing level of the JSND UI program.

Description of Additional Cost, if Any, for the Project

Additional Costs for the project that are not included in IT Object Codes

Additional Costs -

Optional Project Costs

Total Project Cost -

Total Project Cost + Optionals

Description of Non-Appropriated Funds -

		<u>CURRENT</u> <u>APPROPRIATIONS</u>	<u>BUDGET</u> <u>REQUEST</u>	<u>OPTIONAL</u> <u>ADJUSTMENT</u>	<u>REQUEST PLUS</u> <u>OPTIONALS</u>	<u>SUBSEQUENT</u> <u>BIENNIUM</u>
IT3008	IT CONTRACTUAL SVCS & REPAIRS	\$0	\$525,000	\$0	\$525,000	\$0
Total		\$0	\$525,000	\$0	\$525,000	\$0

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J026	REED ACT DISTRIBUTION	\$525,000	\$0	\$525,000	\$0
Total Funding:		\$525,000	\$0	\$525,000	\$0